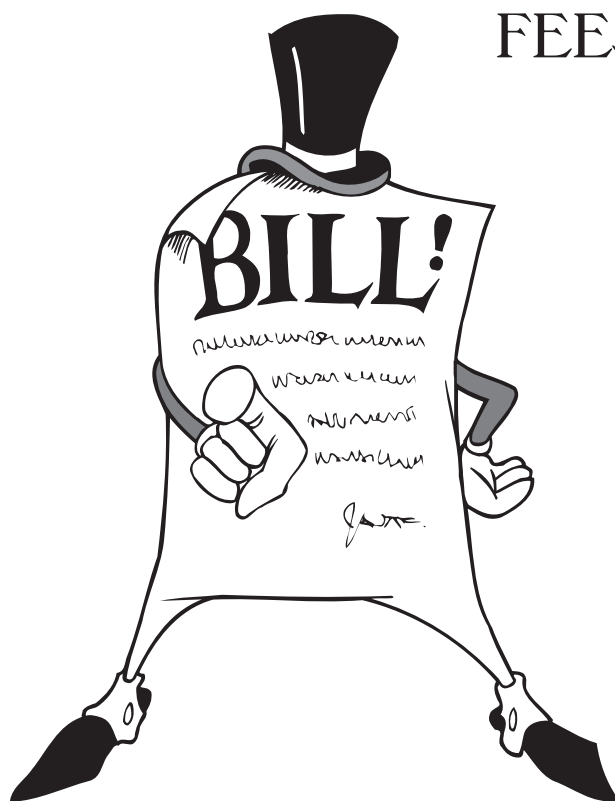FEES

FEES

Guarantee Fee

The Missouri Student Loan Program (MSLP) charges a one percent guarantee fee on each Federal Stafford and Federal Parent Loans for Undergraduate Students (PLUS) loan a borrower receives. The lender must deduct this fee from the principal amount of each disbursement of the loan and pay the MSLP through the monthly fee bill. If the lender participates in ATOM, the lender pays the fee at the time of disbursement. The Notice of Loan Guarantee and Disclosure Statement (NOG) sent to the lender includes the amount due for the guarantee fee. (An exception for borrowers whose loans are obtained through an IDEALoan℠ lender is discussed on the following page.)

A lender will be notified in writing by the MSLP when fees are 90 days past due. Payment is expected within 15 days of the date of this written notice. The MSLP will assist lenders who request help in researching delinquent fee bill accounts.

Origination Fee

An origination fee equaling three percent of the loan principal will be collected from the lender by the U.S. Department of Education for all Federal Stafford and Federal PLUS loans. Generally, this fee is charged to the borrower and deducted from each loan disbursement. The amount of the origination fee that should be deducted from each disbursement, based on three percent of the principal amount of the loan, is listed on the Notice of Loan Guarantee and Disclosure Statement that the borrower receives.

☞ *Higher Education Amendments of 1998*

A lender may choose to pay all or part of the origination fee on behalf of its subsidized and unsubsidized Federal Stafford Loan borrowers. Fees must be assessed equally to all Federal Stafford Loan borrowers. Lenders may charge some Federal Stafford Loan borrowers a lesser fee only if those borrowers display greater financial need based on the borrower's adjusted gross income. (An origination fee must be charged to all Federal PLUS loan borrowers.)
[HEA 438(c)]

Lender Fee

Lenders are required to pay the U.S. Department of Education a fee of 0.5 percent of the loan principal on Federal Stafford, Federal PLUS and Federal Consolidation Loans. The lender must not deduct this fee from the loan proceeds or charge the borrower by any other method.
[HEA 438(d)(2)]

IDEALoan[SM]
(Increased Dollars for Education Assistance Loan)

With an IDEALoan[SM], Federal Stafford (subsidized and unsubsidized) and Federal Parent Loans for Undergraduate Students (PLUS) borrowers are not responsible for paying the one percent guarantee fee. Instead, IDEALoan[SM] lenders (or their servicers) pay the guarantee fee on the borrower's behalf. An applicant need only choose one of the participating IDEALoan[SM] lenders.

Any loan guaranteed for an IDEALoan[SM] lender will reflect a new calculation of fees on the Notice of Loan Guarantee and Disclosure Statement (NOG) that is provided to the borrower by the lender. On the NOG, the box "Less Insurance Premium" will have "0.00***" printed. At the bottom of the NOG, a message will state, "***Your insurance premium of _____ was paid by the lender." The insurance premium will be added to the net loan amount, resulting in an increase in loan funds available to the borrower, depending upon the loan amount.

Lenders interested in participating in the IDEALoan[SM] program may contact the MOSTARS (Missouri Student Assistance Resource Services) Information Center.

IDEALoan[SM] Funding

Automated Transfer of Money (ATOM) lenders (or their servicers) are billed for the guarantee fee each day.

Invoice Example/Lender Pays Fee

Gross Disbursement Amount	Origination Fee Amount	Guarantee Fee Amount	Service Fee	School Amount	Lender Amount
$850.00	$25.50	$8.50	$0.00	$824.50*	$833.00**

* Gross amount minus origination fee
** School amount plus guarantee fee

Invoice Example/Servicer Pays Fee

Gross Disbursement Amount	Origination Fee Amount	Guarantee Fee Amount	Service Fee	School Amount	Lender Amount
$850.00	$25.50	$0.00*	$0.00	$824.50**	$824.50***

* The servicer will receive an invoice for the guarantee fee
** Gross amount minus the origination fee
*** Gross amount minus the origination fee

Non-ATOM Lenders

The lender funds the same amount as the ATOM lender, depending on who pays the guarantee fee (the servicer or the lender). The only difference is that the lender will be billed for the guarantee fee on its regular monthly fee billing statement. If the servicer is responsible for paying the fee, the lender and the servicer must agree on how the fees are actually paid.

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FEE REFUNDS

Are Fee Refunds Required?

YES	NO
The loan or any portion of the loan is returned by the school to the lender, **at any** time, in order to comply with Title IV program requirements.	Borrowers with any FFEL Program loans in repayment either repay or return funds within 120 days of disbursement and do not make a written request for application of funds as a cancellation of all or part of the loan.
A loan disbursement for which fees have been collected from the borrower is canceled.	The lender paid the guarantee and/or origination fee on behalf of the borrower.
The disbursement check has not been negotiated within 120 days of disbursement.	
The loan proceeds disbursed by Electronic Funds Transfer (EFT) or master check have not been released from the school's account within 120 days of disbursement.	
Borrowers with no FFEL Program loans in repayment either repay or return funds within 120 days of disbursement and make no written request for a different application of funds.	
Borrowers with any FFEL Program loans in repayment either repay or return funds within 120 days of disbursement and make a written request for funds to be applied as a cancellation to all or a portion of the loan.	

Calculation for Prorating Guarantee Fee Refunds

$$\frac{\text{Amount returned to lender } \mathbf{X} \text{ guarantee fees paid to date on the loan*}}{\text{Net amount disbursed to date*}}$$

= Credit Due Borrower**

* Calculate the numerator and denominator to four places past the decimal, but do not round.

** Calculate the solution to four places past the decimal and round to the nearest whole cent, using standard rounding procedures (i.e., round $0.0140 to $0.01; round $0.0150 to $0.02).

[*Common Manual* subsections 6.6.D., 6.6.F., and Section 6.7]

GUARANTEE FEE BILLING

Fee Bills

Lenders are not expected to pay fees until the disbursement has actually been made. The Missouri Student Loan Program (MSLP) bills lenders who do not participate in the Automated Transfer of Money (ATOM) once a month for the guarantee fees due for all disbursements scheduled for the previous month. The bill is generally mailed on the first day of the month. The guarantee fee amounts owed are grouped by loan type and sorted alphabetically by the borrower's last name.

Each statement contains a date at the top of the statement and unpaid fees from one statement are carried forward to the next statement with the balance identified by the date of the previous statement.

Fee Billing Omissions and Credits

If the lender is not billed for a loan or must request credit for a disbursement, complete the "Adjustment Section" (page A-36) of the current fee bill. Do not include these figures on the reconciliation page. The credits and/or fees due will appear on the next month's fee bill.

How to Accept Credits

By paying the amount labeled "Lender Billing Totals" on the Adjustments page, the lender has accepted the credits on that page (labeled "Lender Adjustment Totals").

Credits will only appear one time. If the lender does not owe any fees, but is due a credit, the lender should ***return the bill so that the credit will appear again next month***.

- DO NOT request a credit on the same month's bill as the cancellation.

- DO send in your fee bill even if your credits total more than your fees due or if your fees due are $0.

Summary Section

This portion of the invoice reflects the net balance due. All credits and rebilled loans carried forward, as well as current loans and past due invoices, are included in the amount of payment due.

After adjusting the net balance due to reflect any adjustments you have made on the invoice, submit the Fee Billing Statement and payment to:

> Missouri Student Loan Program
> P.O. Box 6730
> Jefferson City, MO 65102-6730

Retain a copy of the invoice for your records.

One Check for All Fees Due

The lender must reconcile the Fee Billing Statement and return it to the MSLP each month, along with a check for the total fee amount due. The lender must send one check to cover all fees due for loan disbursements issued during the period covered by the Fee Billing Statement.

Make checks payable to the Missouri Coordinating Board for Higher Education (remember, the MSLP is a division of the CBHE).

Loan Sales

A disbursement cancellation should be made before the loan sale. As soon as you are notified of a cancellation, notify GuaranTec. Submit a Loan Status Update Form (F-8) immediately OR cancel the disbursement on CLIPS.

Do not wait to report the cancellation on the fee bill!

Delinquent Guarantee Fees

Federal Stafford and Federal Parent Loans for Undergraduate Students (PLUS) loan guarantees are contingent upon prompt payment to the MSLP of the guarantee fee. Failure to pay delinquent guarantee fees will result in loss of guarantee for the affected loans and the lender's inability to receive payment on any claim payment request.

Fee Billing Basics

- GuaranTec will generally mail fee bills on the first day of the month.

- Lenders must reconcile and submit fee bills to the MSLP by the 25th of the month.

- Lenders must submit one check for each month's total amount due.

- Lenders must use the codes described in this guide to update information on the fee bill.

- Reinstatements CANNOT be made on the fee bill.

- Lenders participating in the ATOM process will pay guarantee fees at the time of disbursement. These loans will not appear on the monthly fee billing statement. This reduces the reconciliation of the monthly fee bill.

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WHAT TO REPORT

Lenders may use the Fee Billing Statement to report a number of situations to the Missouri Student Loan Program (MSLP), including:

- Disbursement date changes
- Changes in the number of disbursements
- Loan amount reductions
- Social Security number corrections
- Change or correction of borrower's name
- Changes in the guarantee fee amount due
- Cancellations and partial cancellations

The fee bill contains nine columns:

(1) Name
(2) Social Security Number
(3) Anticipated Disbursement Date
(4) Actual or New Anticipated Disbursement Date
(5) Date of Guarantee
(6) Amount of Disbursement
(7) Amount of Fee Calculated/Billed
(8) Amount of Fee Collected/Paid
(9) Lender Comments/Remarks

When the statement arrives, columns 1, 2, 3, 5, 6, and 7 are completed. Use the other columns to update the information in columns 1, 2, 3, 6, and 7, as necessary. Complete Column 4 if the actual date differs from Column 3.

When a lender reports a school refund using the Loan Status Update Form (F-8), the guarantee fee refund is automatically calculated by the MSLP's system, and will appear as a credit labeled "School Refund" on the lender's next fee bill. The lender should not find it necessary to request a guarantee fee refund from the MSLP in this case.

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FEE BILL INSTRUCTIONS

You may refer to the sample fee bill on page 85.

1   Name

If the borrower's name is incorrect, write the correction in the blank space in column 1 next to the printed name and note the name change code in column 9, Remarks.

```
┌─────┐  means   ┌──────────┐  outcome  ┌──────────────────────────────────┐
│ NMC │ ──────▶  │  Name    │ ──────▶   │ You will correct the borrower's   │
│     │          │ change   │           │ name.                             │
└─────┘          └──────────┘           └──────────────────────────────────┘
```

2   Social Security Number

If the Social Security Number (SSN) is incorrect, write the correct number in column 9, Remarks.

```
┌─────┐  means   ┌──────────┐  outcome  ┌──────────────────────────────────┐
│ SSC │ ──────▶  │  SSN     │ ──────▶   │ You will correct the borrower's   │
│     │          │ change   │           │ Social Security Number.           │
└─────┘          └──────────┘           └──────────────────────────────────┘
```

3   Anticipated Disbursement Date

This is the disbursement date in the Missouri Student Loan Program's (MSLP) records as of the fee billing date. The numbers 1 and 2 indicate the first or subsequent disbursement.

4   Actual Disbursement Date

If the actual disbursement date is different from the date in column 3, enter the month, day, and year of the actual disbursement date in column 4. If the disbursement dates are correct, leave column 4 blank. If the loan has not been disbursed, enter the appropriate code (see below) and do not remit any fee for that loan since it is not yet disbursed. The loan will appear again on the statement for the month of the new anticipated disbursement date. If a new date is not indicated and the fees are not paid, the loan will appear on the next month's bill.

5   Date of Guarantee

This is the date the Missouri Student Loan Program guaranteed the loan.

```
┌─────┐  means   ┌──────────┐  outcome  ┌──────────────────────────────────┐
│ NYD │ ──────▶  │ Not yet  │ ──────▶   │ Only use "NYD" when the           │
│     │          │ disbursed│           │ disbursement has not been made.   │
└─────┘          └──────────┘           │ The disbursement will appear at   │
                                        │ the top of the next month's bill. │
                                        └──────────────────────────────────┘
```

```
┌─────┐  means   ┌──────────┐  outcome  ┌──────────────────────────────────┐
│ RSD │ ──────▶  │Reschedule│ ──────▶   │ Only use "RSD" when the actual    │
│     │          │disbursement│         │ disbursement date is in the past. │
└─────┘          └──────────┘           │ The disbursement will appear on   │
                                        │ the adjustments page of the next  │
                                        │ month's bill.                     │
                                        └──────────────────────────────────┘
```
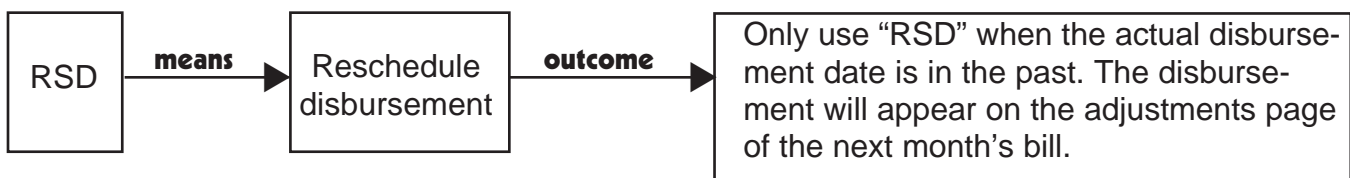
The guarantee date serves as the identifier for future status updates.

6   Amount of Disbursement   The loan amount approved for disbursement. If the amount the lender disburses is less than the amo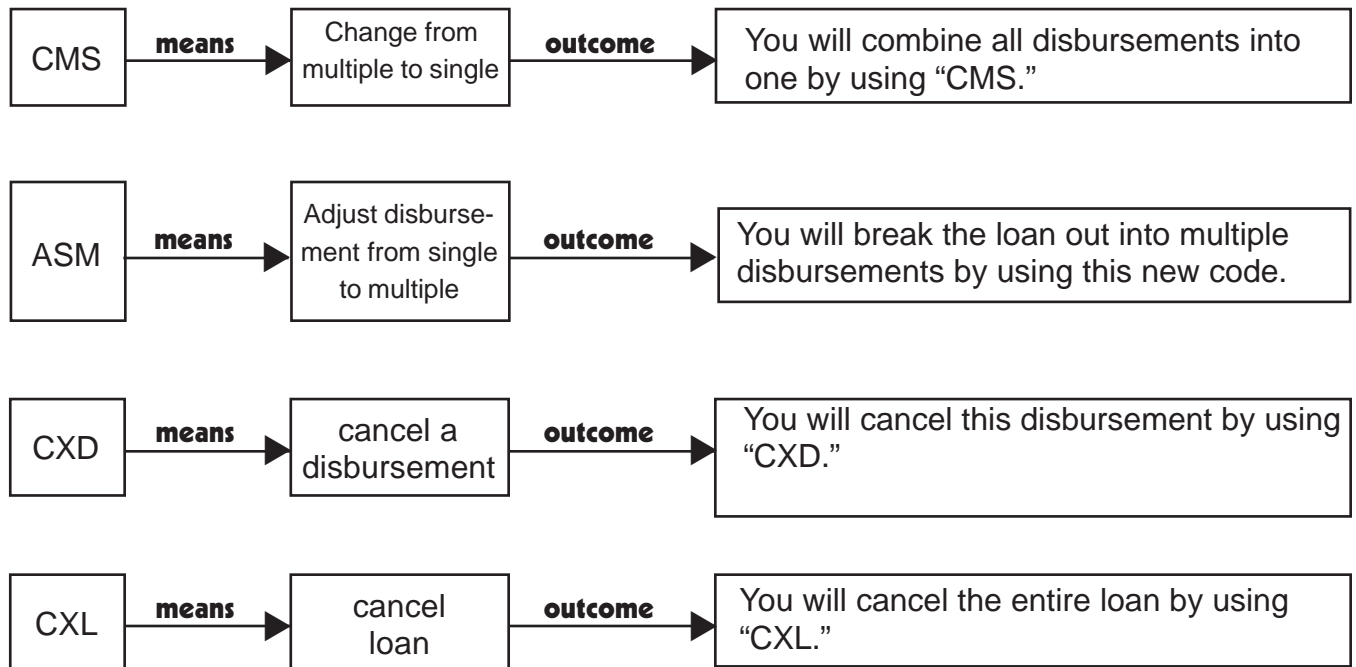unt in column 6, report the adjusted amount in column 6 or 9. List in column 8 the actual amount of fee collected and in column 9, the reason code. Remember: When a partial reduction occurs, the guarantee fee must be recalculated.

CMS	**means** →	Change from multiple to single	**outcome** →	You will combine all disbursements into one by using "CMS."
ASM	**means** →	Adjust disbursement from single to multiple	**outcome** →	You will break the loan out into multiple disbursements by using this new code.
CXD	**means** →	cancel a disbursement	**outcome** →	You will cancel this disbursement by using "CXD."
CXL	**means** →	cancel loan	**outcome** →	You will cancel the entire loan by using "CXL."

7   Amount of Fee Billed   This is the fee amount due according to the loan amount in the Missouri Student Loan Program's records. The total amount of this column is the amount the lender should pay, unless there are adjustments.

8   Amount of Fee Paid   Enter the difference between the amount billed and the amount paid only if it is different from the amount indicated in column 7. Be sure to indicate a plus or minus difference. A difference in fee collection from the fee amount billed can occur because of a change in the loan amount or number of disbursements. If the amount of fee billed and the amount collected are the same, leave column 8 blank.

PPD	**means** →	Previously paid fee	**outcome** →	This code does not affect the MSLP's system. If you use "PPD," the GuaranTec fee bill specialist will skip this line when keying the fee bill.
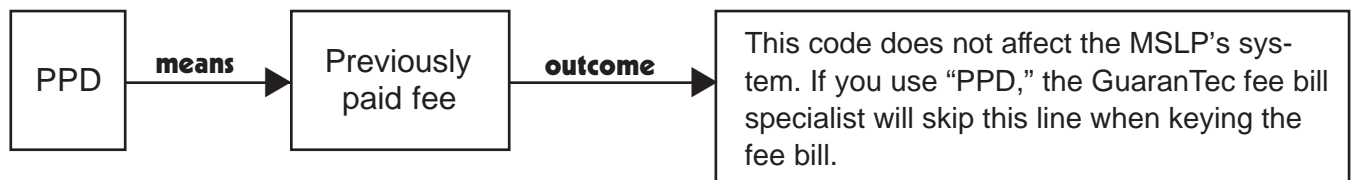
FEE BILLING RECONCILIATION FORM

_____   _____
Month   **Year**

Beginning Balance of Deposit Account	+_____		Fee Billing Amount	+_____
Total Deposits to Account	+_____		PPD	–_____
Last Month fee billing payment	_____		Cancellations Taken	–_____
			RSDs	–_____
Cancellations of loans disbursed this month	+_____		CMSs	+_____
Cancellations of loans disbursed in prior months	+_____		Amount Paid to MSLP	–_____
			Credits requested	–_____
Total Deductions	–_____		Loans not yet billed	+_____
Adjustment Line (+ or –)			Reconciled Amount	_____
_____	_____			
Ending Balance of Account	_____			
Loans canceled prior to disbursement	_____			

Name	SS#	Guar. Fee Amount	Name	SS#	Guar. Fee Amount
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
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_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

FEE BILLING STATEMENT

COORDINATING BOARD FOR HIGHER EDUCATION
P.O. BOX 6730
JEFFERSON CITY, MISSOURI 65102   (573) 751-3940

LENDER NAME: LENDER CODE: 806773

ADDRESS: DATE: 11/01/96
                                          FROM: 10/01/96   TO: 10/31/96

                                          PAGE: 097

* Lender, complete #4 if differ
* Lender, complete #8 if differ

GSL   ADJUSTMENTS

(1) NAME (LAST, FIRST)			(2) SOCIAL SECURITY NUMBER	(3) ANTICIPATED DISBURSEMENT DATE	* (4) ACTUAL OR NEW ANTICIPATED DISBURSEMENT DATE	(5) DATE OF GUARANTEE	(6) AMOUNT OF DISBURSEMENT	(7) AMOUNT OF FEE CALCULATED /BILLED	* (8) AMOUNT OF FEE COLLECTED/PAID	(9) LEND COMME /REMA
BAI	MAI	A	-44-8194	12/23/93		110393	1312.00	30.00-	CANCELLATION	
BATHON	JAMES	M	-90-2254	08/13/96		071796	1110.50	2.11-	SCHOOL REFUND	
BATHON	JENNIFER		-87-7723	08/13/96		073196	1110.50	2.11-	SCHOOL REFUND	
BERRY	COLETTA	D	-66-6571	07/02/96		062896	489.00	4.02-	SCHOOL REFUND	
BREW	DERRICK	T	-94-3203	05/14/96		051096	63.66	.12-	PAID IN FULL	
BREW	DERRICK	T	-94-3203	07/27/96		051096	1312.00	13.12-	PAID IN FULL	

SAMPLE

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